



INDAKA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2015

Annual Financial Statements

for

INDAKA LOCAL MUNICIPALITY

for the year ended 30 June: **2015**

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:	
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INDAKA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

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INDAKA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015
Approval of Annual Financial Statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 58 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

M E Ngonyama
Acting Municipal Manager
DATE 31 August 2015

**INDAKA LOCAL
ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2017**

General information

Members of the Council

Cllr. Mchunu NB
Cllr. Mabele PBM
Cllr. Njapha TB
Cllr. Nzuza PM
Cllr. Ngubane M
Cllr. Mabele ZV
Cllr. Twala JS
Cllr. Mbatha ME
Cllr. Mbele NG
Cllr. Majola BC
Cllr. Kheswa MA
Cllr. Madondo M
Cllr. Banda SM
Cllr. Shezi TBM
Cllr. Zikalala NL
Cllr. Mvelase SN
Cllr. Madonsela HL
Cllr. Zikalala SJ
Cllr S Simelane
Cllr M B Mbhele

Acting Municipal Manager

Mr M E Ngonyama

Chief Financial Officer

Mr M Mbona

Grading of Local Authority

Grade 2

Auditors

Office of the Auditor-General

Bankers

Standard Bank - Ladysmith
Account Number 60157259

. MUNICIPALITY
AL STATEMENTS
ed 30 June 2015

Mayor

Speaker

Deputy Mayor

Member of the Executive Committee

Member of the Executive Committee

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

INDAKA LOCAL MUNICIPALITY
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for the year ended 30 June 2015

General information (continued)

Registered Office: INDAKA LOCAL MUNICIPALITY

Physical address:

2748"F" Section Ekuvukeni
Wasbank
2920

Postal address:

Private Bag X70113
Wasbank
2920

Telephone number: 034 261 1000

Fax number: 034 261 2035

E-mail address: mngonyama.nka@gmail.com

INDAKA MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

	Note	30 June 2015 R	RESTATED 2014 R
ASSETS			
Non-current assets		111 969 931	88 810 248
Property, plant and equipment	9	111 596 215	88 421 284
Investment properties	10	273 404	254 334
Intangible assets	11	100 311	134 630
Current assets		143 706 467	105 594 684
Inventory	12	92 435	69 206
Receivables from exchange transactions	13	32 321	106 917
Receivables from non-exchange transactions	14	1 131 796	795 250
Value added taxation receivable	8	1 859 337	1 571 029
Call investment deposits	15	104 964 085	42 348 128
Bank balances and cash	16	35 626 492	60 704 154
Total Assets		255 676 397	194 404 932
LIABILITIES			
Non-current liabilities		4 874 375	4 907 451
Long-term liabilities	2	3 346 392	3 488 900
Non-current provisions	3	861 983	748 551
Long service awards and retirement gifts	4.2	666 000	670 000
Current liabilities		23 995 860	18 840 257
Trade and other payables .	6	12 945 421	5 633 782
Current portion of Provisions.	5	72 867	113 432
Current portion of long-term liabilities.	2	186 001	177 482
Current portion of lease liability.	26	-	93 692
Unspent conditional grants and receipts	7	10 791 569	12 821 870
Total liabilities		28 870 234	23 747 708
Total Assets and Liabilities		226 806 163	170 657 224
NET ASSETS			
Housing operating account	1	717 374	653 525
Accumulated surplus		226 088 789	170 003 699
Total Net Assets		226 806 163	170 657 224

INDAKA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2015

	Note	30 June 2015	Restatement
		R	2014
			R
Revenue			
Revenue from non-exchange transactions.			
Property rates	17	3 207 894	2 189 186
Public donations- Property, plant and equipment.			
Government grants and subsidies	19	93 067 197	89 837 260
Revenue from exchange transactions.			
Service charges	18	172 559	94 521
Rental of facilities and equipment	27	116 535	102 952
Interest earned - external investments	28	7 174 895	3 876 256
Other income	29.1	84 269	113 366
Gain on disposal of assets	29.2	68 529	
Total revenue		103 891 878	96 213 541
Expenses			
Employee related costs	20	9 809 018	9 256 777
Remuneration of councillors	21	5 710 838	5 125 489
Depreciation	30	11 549 706	9 805 786
Repairs and maintenance	25	496 340	888 779
Finance costs	22	181 374	213 962
Contracted services	23	6 237 917	5 049 968
Retirement and long services benefits.	4	19 270	265 410
Adjustment to bad debt provision	14	507 534	619 003
Adjustment to non-current provisions	3	72 867	232 443
Loss on disposal of assets		-	28 769
General expenses	24	13 221 923	8 315 961
Total expenditure		47 806 787	39 802 348
Surplus / (deficit) for the year.		56 085 091	56 411 193

INDAKA LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2015

		Housing Operating Account	Accumulated Surplus/(Deficit)	Total: Net Assets
	Note	R	R	R
Balance at 30 June 2012		653 472	70 685 510	71 338 982
Restated surplus at 1 July 2012			36 170 589	
Surplus at 30 June 2012- Previously reported			40 797 005	40 797 005
General Expenditure	37.1.4		(1 243 198)	(1 243 198)
Remuneration of Councillors	37.1.3		(3 302)	(3 302)
Contracted Services	37.1.5		(32 480)	(32 480)
Employee Related Costs.	37.1.2		(76 240)	(76 240)
Income-Rental of Facilities	37.1.1		(6 000)	(6 000)
Fixed Assets	37.2.1		(2 764 196)	(2 764 196)
Provision Long Service	37.2.3		(501 000)	(501 000)
Change of Accounting Policy	36		(446 990)	(446 990)
Restated Balance at 30 June 2012		653 472	65 612 105	66 265 577
Net Surplus for the year			50 514 589	50 514 589
Transfer to Housing Operating Account	1	(35 482)		(35 482)
Transfer to/(from) Appropriations for 2012/2013	37.2.2		(38 072)	(38 072)
Balance at 30 June 2013		617 990	116 088 620	116 706 612
Restated surplus at 1 July 2013				
	37.1			-
Prior period income and expenditure errors			(49 335)	(49 335)
Heritage asset not classified correctly			(676 880)	(676 880)
Vacant land previously not recognised.			1 738 000	1 738 000
Restated Balance at 30 June 2013		617 990	117 100 406	117 718 397
Net Surplus for the year			53 238 699	53 238 699
Transfer to Housing Operating Account	1	35 534		35 534
Vacant land previously not recognised.			-	-
Transfer to/(from) Appropriations for 2013/2014				
Balance at 30 June 2014		653 525	170 339 105	170 992 630
Restated surplus at 1 July 2014				
				-
Prior period error.	35		(335 407)	(335 407)
Restated Balance at 30 June 2014		653 525	170 003 698	170 657 223
Net Surplus for the year			56 085 091	56 085 091
Transfer to Housing Operating Account	1	63 849		63 849
Balance at 30 June 2015		717 374	226 088 789	226 806 163

INDAKA LOCAL MUNICIPALITY
CASH FLOW STATEMENT
as at 30 June 2015

	Note	30 June 2015 R	Restated 2014 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Cash receipts from rate payers and Government			
Government grants		91 036 896	80 926 896
Other receipts		3 030 999	4 759 646
Cash paid to suppliers and employees			
Employee costs	20&21	-15 519 856	-14 503 670
Suppliers		-13 134 725	-10 531 976
Cash generated from operations		65 413 314	60 650 896
Interest Received	27	7 174 895	3 876 254
Interest Paid.	22	-181 374	-213 962
Net cash flows from operating activities		72 406 834	64 313 188
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	"9-11	-34 709 389	-23 634 093
Proceeds on disposal of property, plant & equipment		68 529	28 769
Proceeds from sale of investments			
Purchase of foreign currency securities			
Net cash flows from investing activities		-34 640 860	-23 605 324
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in long term liability	2	-133 989	-168 808
Repayment of finance lease liability	25	-93 691	-195 289
Increase in consumer deposits.	6	0	335
Net cash flows from financing activities		-227 680	-363 762
		37 538 294	40 344 102
Net increase / (decrease) in net cash and cash equivalents		37 538 294	40 344 102
Net cash and cash equivalents at beginning of period		103 052 282	62 708 180
Net cash and cash equivalents at end of period	31	140 590 577	103 052 282

INDAKA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS
for the year ended 30 June 2015

Description	1							
R (000) thousands	Original Budget (000)	Final Budget (000)	Actual outcome (000)	Unauthorised expenditure	Variance (1) between Original and Final Budget (000)	Note on variances (1)	Variance (2) between Final Budget and Actual outcome (000)	Note on variances (2)
Financial Performance								
Property rates	3 056 643	3 220 438	3 207 894		163 795	Due to corrections on consumer accounts	12 544	Due to corrections on consumer accounts
Services charges - Refuse	175 000	195 000	172 559		20 000	Due to corrections on consumer accounts	22 441	Due to corrections on consumer accounts
Rental of Facilities and Equipment	94 349	103 350	116 535		9 001	Municipality enter into new rental agreements	-13 185	Municipality enter into new rental agreements
Interest Earned-External Investment	2 500 000	5 000 000	7 174 895		2 500 000	Due to slow capital expenditure	-2 174 895	Due to slow capital expenditure
Transfers recognised - operational	71 820 000	71 524 000	70 882 869		-296 000	Grants not paid according DORA	641 131	Grants not paid according DORA
Other revenue	78 000	78 000	83 869				-5 869	Tender documents
Gain on Disposal of PPE	0	0	68 529		0	Due to auction of redundant assets etc	-68 529	Due to auction of redundant assets etc
Total Revenue (excluding capital transfers and contributions)	77 723 992	80 120 788	81 707 150	-	2 396 796		-1 586 362	
Employee Related Costs	12 853 543	11 917 643	9 809 018		-935 900	Vacant positions not filled due to intervention and merger	2 108 624	Vacant positions not filled due to intervention and merger
Remuneration of Councillors	5 784 952	5 784 952	5 710 838		0	N/A	74 115	Due to vacancies in council.
Debt impairment	700 000	700 000	507 534		0	N/A	192 466	Recalculations
Depreciation and asset impairment	9 750 000	11 125 000	11 549 706		1 375 000	Recalculations	-424 706	Recalculations
Finance charges	230 000	125 000	181 374		-105 000	N/A	-56 374	N/A
Contracted Services	4 790 000	8 128 152	6 237 917		3 338 152	Recalculations	1 890 235	Recalculations
Transfers and Grants	1 000 000	1 000 000	529 152		0	N/A	470 848	Recalculations
Other Expenditure	19 814 907	18 979 155	13 280 848		-835 752	Recalculations	5 698 306	Budget Controls
Total Expenditure	54 923 402	57 759 902	47 806 387	0	2 836 500		9 953 515	
Surplus	22 800 590	22 360 886	33 900 763	0	-439 704		8 367 153	
Transfers recognised - capital	21 401 000	31 401 000	22 184 328		10 000 000	Additional MIG grant allocation.	9 216 672	Projects still in progress on year end
Contributions recognised - capital and contributed assets								
Surplus after capital transfers & contributions								
Surplus for the year	44 201 590	53 761 886	56 085 091	0	9 560 296		17 583 825	
Capital Expenditure & funds sources								
Capital Expenditure								
Transfers recognised - capital	21 401 000	31 401 000	19 782 792		11 618 208	Additional MIG grant allocation.	11 618 208	Projects still in progress on year end
Internally generated funds	22 639 000	22 639 000	15 123 638		7 515 362	N/A	7 515 362	Due to under spending on capital projects.
Total Sources of capital funds	44 040 000	54 040 000	34 906 430	-	19 133 570	N/A	19 133 570	N/A
Net. Surplus/deficit.	161 590	-278 114	21 178 660	0	-9 573 273	N/A	-1 549 745	

Cash Flows

Net cash from (used) operating			72 406 834					
Net cash from (used) investing			-34 640 860					
Net cash from (used) financing			-227 680					
Cash/cash equivalents at the end of the period	0	0	140 590 577					

INDAKA LOCAL MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2015

1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention.

The Annual Financial Statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directives 5 issued by the Accounting Standards Board ("ASB") in May 2010, as amended.

1.1 Changes in accounting policy and comparability

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2013 and 30 June 2014 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the change:

- a) is required by a Standard of GRAP; or
- b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

1.2 Critical judgments, estimations and assumptions

The following are the critical judgments, apart from those involving estimations, that the management has made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy 9.2 on *Revenue from Exchange Transactions* and Accounting Policy 9.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: *Revenue from Exchange Transactions* and GRAP 23: *Revenue from Non-exchange Transactions*. In particular when services are rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial assets and liabilities

The classification of financial assets and liabilities into categories is based on judgement by management.

1.2.3 Impairment of Financial Assets

Accounting Policy 6 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: *Financial Instruments*. The management of the municipality is satisfied that the impairment of financial assets recorded during the year, is appropriate.

1.2.4 Useful lives of Property, Plant and Equipment ("PPE")

As described in Accounting Policies 3.3 and 4, the municipality depreciates/amortises its property, plant and equipment, and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

1.2.5 Impairment: Write down of PPE and Inventories

Significant estimates and judgments are made relating to PPE impairment tests and write down of inventories to net realisable values where necessary.

1.2.6 Defined Benefit Plan Liabilities

As described in Accounting Policy 12.4.2, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25 *Employee Benefits*. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 4 to the Annual Financial Statements.

INDAKA LOCAL MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2015

1.3 Presentation currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.4 Going concern assumption

The Annual Financial Statements have been prepared on a going concern basis.

1.5 Offsetting

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by a Standard of GRAP.

1.6 New standards and interpretations

1.6.1 Standards and interpretations issued, but not yet effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality.

GRAP 105: Transfers of Functions Between Entities Under Common Control

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

A transfer of functions between municipalities under common control is a reorganisation and/or reallocation of functions between municipalities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between municipalities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a transfer of functions between municipalities under common control.

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 106: Transfers of Functions Between Entities not Under Common Control

The objective of this Standard of GRAP is to establish accounting principles for the acquirer in a transfer of functions between municipalities not under common control.

A transfer of functions between municipalities not under common control is a reorganisation and/or reallocation of functions between municipalities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between municipalities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition-date fair values and should be derecognised (by the acquiree) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the fair value of assets acquired and liabilities assumed or carrying amounts of assets transferred and liabilities relinquished should be recognised in surplus / (deficit).

For transfer of functions between municipalities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

Specific disclosures are required when there is a transfer of functions between municipalities not under common control.

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The impact of this amendment is currently being assessed.

INDAKA LOCAL MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2015

GRAP 107: Mergers

The objective of this Standard of GRAP is to establish accounting principles for the combined municipality and combining municipalities in a merger.

A merger is where a new combined municipality is started, no acquirer can be identified and the combining municipalities do not have any control over the municipality.

In the event of a merger, the assets and liabilities should be recognised (by the combined municipality) at their carrying amounts and should be derecognised (by the combining municipalities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a merger.

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The impact of this standard is currently being assessed.

GRAP 20: Related Party Disclosures

The objective of this Standard of GRAP is to ensure that a municipality's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

This Standard of GRAP requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the municipality in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard of GRAP also applies to individual financial statements.

This Standard of GRAP requires that only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another municipality, entity or person are disclosed.

The Standard of GRAP sets out the requirements, inter alia, for the disclosure of:

- ☐ control;
- ☐ related party transactions; and
- ☐ remuneration of management

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

For the year under review, Council has applied IPSAS 20.IGRAP 16: Intangible Assets - Website Costs

The Interpretation deals with the treatment of a municipality's own website. The guidance on website costs was previously included in the Standard of GRAP on Intangible Assets.

It concludes that a municipality's own website that arises from development and is for internal or external access is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets.

A website arising from development will be recognised as an intangible asset if, and only if, in addition to complying with the general requirements described in the Standard of GRAP on Intangible Assets for recognition and initial measurement, a municipality can satisfy the requirements in paragraph .54 in the Standard of GRAP on Intangible Assets, which in particular requires a municipality to be able to demonstrate how its website will generate probable future economic benefits or service potential.

If a municipality is not able to demonstrate how a website developed solely or primarily for providing information about its own products and services will generate probable future economic benefits or service potential, all expenditure on developing such a website will be recognised as an expense when incurred.

A website that is recognised as an intangible asset under this Interpretation will be measured after initial recognition by applying the requirements in the Standard of GRAP on Intangible Assets.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

The municipality expects to adopt the interpretation for the first time in the 2014 financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

INDAKA LOCAL MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2015

Improvements to Standards of GRAP

The following Standards of GRAP have been amended as part of the ASB's Improvements Project for 2011:

GRAP 1;
GRAP 3;
GRAP 7;
GRAP 9;
GRAP 12;
GRAP 13;
GRAP 16; and
GRAP 17.

The changes made will have no significant impact, except for the following:

A change to the cost model when a reliable measure of fair value is no longer available (or vice versa) for an asset that a Standard of GRAP would otherwise require or permit to be measured at fair value are no longer considered to be a change in an accounting policy in terms of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010).

A requirement to include transaction costs on initial recognition of an investment in an associate under the equity method, has been included in the Standard of GRAP Investments in Associates.

Changes were made to the Standard of GRAP on Investment Property (as revised in 2010) to ensure the consistent application of the principle where assets are acquired in exchange for non-monetary assets when the exchange transaction lacks commercial substance. Furthermore the assessment of significant use of an investment property has been clarified.

Changes were made to the Standard of GRAP on Property, Plant and Equipment (as revised in 2010) to ensure the consistent application of the principle where assets are acquired in exchange for non-monetary assets when the exchange transaction lacks commercial substance. Furthermore the requirement to disclose property, plant and equipment that were temporarily idle, has been clarified.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality expects to adopt the amendment for the first time in the 2014 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

1.6.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2013 or later periods but are not relevant to its operations:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

No effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

GRAP 32: Service Concession Arrangement: Grantor

No effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

GRAP 108: Statutory Receivables.

No effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

INDAKA LOCAL MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2015

2 HOUSING OPERATING ACCOUNT

The Housing Operating Account was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Operating Account. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Operating Account.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Operating Account. Monies standing to the credit of the Housing Operating Account can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

3 PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost, where applicable, also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

3.2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, are measured at cost (which includes deemed cost for previously unrecognised assets), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

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3.3 Depreciation

Land is not depreciated as it is regarded as having an indefinite life. Depreciation of assets other than land is calculated, using the straight line method, to depreciate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

Details

Infrastructure

Roads gravel 3 - 7 years
Roads premix 10 - 15 years
Storm Water 20 - 30 years

Community

Community and Recreation Facilities 30 years
Office buildings 15-30 years
Vehicles 5 - 7 years
Office equipment 3 - 7 years
Computer equipment 3 - 5 years
Furniture and Fittings 5 - 7 years
Plant & equipment 10 - 15 years

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

3.4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

3.5 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3.6 Derecognition of Property, Plant and Equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an item of property, plant and equipment is included in surplus or deficit for the year when the item is derecognised.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds.

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4 INTANGIBLE ASSETS

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of services, for rental to others, or for administrative purposes are classified and recognised as intangible assets. The municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense when incurred.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually.

Intangible assets are initially recognised at cost. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

The municipality does not recognise electricity servitudes arising from a legal right as intangible assets.

4.2 Subsequent Measurement, Amortisation and Impairment

Subsequently all intangible assets are measured at cost, less accumulated amortisation and accumulated impairment losses.

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes (excluding electricity servitudes) obtained by the municipality give the municipality access to land for specific purposes for an unlimited period - however, such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in surplus or deficit for the year.

4.3 Derecognition of Intangible Assets

The carrying amount of an intangible asset is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated amortisation and accumulated impairment losses) and the sales proceeds. This is included in surplus or deficit for the year as a gain or loss on disposal of intangible assets.

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5 INVESTMENT PROPERTY

5.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction or at a nominal value its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- Property that is being constructed or developed for future use as investment property;
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

The carrying amount of an investment property is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an investment property is included in surplus or deficit for the year when the asset is derecognised..

Gains or losses are calculated as the difference between the net book value of assets (fair value) and the sales proceeds.

5.2 Subsequent Measurement.

Subsequent to initial measurement investment property is measured at cost.

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6 Impairment of Assets
6.1 Impairment of Non-cash Generating Assets

Identification

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset no impairment recognised.

Value in use

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

Depreciated replacement cost approach:

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit for the year.

An impairment loss is recognised for non-cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit for the year.

7 FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

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7.1 Financial Assets - Classification

A financial asset is any asset consisting of cash or a contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Certain Other Debtors
- Short-term Investment Deposits
- Bank Balances and Cash

In accordance with GRAP 104, the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Type of Financial Asset Classification in terms of GRAP 104

Short-term Investment Deposits – Call (Financial assets at amortised cost)

Bank Balances and Cash (Financial assets at amortised cost)

Long-term Receivables (Financial assets at amortised cost)

Consumer Debtors (Financial assets at amortised cost)

Other Debtors (Financial assets at amortised cost)

Investments in Fixed Deposits (Financial assets at amortised cost)

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Cash and cash equivalents include cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

7.2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Certain Other Creditors
- Bank Overdraft
- Short-term Loans
- Current Portion of Long-term Liabilities
- Consumer Deposits

In accordance with GRAP 104, the *Financial Liabilities* of the municipality are classified into the following category as allowed by this standard

- Financial liabilities at amortised cost.

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the Effective interest method, with interest expense recognised on an effective yield basis.

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7.3 Initial and Subsequent Measurement

7.3.1 Financial Assets:

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial assets are recognised on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

7.3.2 Financial Liabilities:

Financial Liabilities at amortised cost are initially measured at fair value net of transaction costs. Subsequently, these liabilities are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis..

Financial liabilities are recognised on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

7.4 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at reporting date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The provision is made whereby the recoverability of Consumer Debtors is assessed individually or collectively after grouping the assets in financial assets with similar credit risk characteristics if individual assessment was not possible.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets and recognised in surplus or deficit for the year with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit for the year.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit for the year to the extent that the carrying amount of the instruments at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

7.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

7.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

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8 INVENTORIES

Inventories comprising consumable stores, raw materials and finishing goods are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value, determined on the weighted average cost.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge

Unsold properties represent unsold units in economic selling schemes where the net realisable value of each unit is either nil or a nominal amount. As a consequence of the passage of time the municipality is not in a position to determine the cost of such inventory. Furthermore, the use of current replacement cost would not only distort the statement of financial position by inflating the value of inventories but would also result in a credit to the housing operating account contrary to section 14 of the Housing Act, 1998. Accordingly unsold properties are stated in the annual financial statements at net realisable value.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

9 REVENUE RECOGNITION

9.1 General

Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue comprises the fair value of the consideration received or receivable for the sale or rendering of services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

9.2 Revenue from Exchange Transactions

9.2.1 Service Charges

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

9.2.2 Finance income

Interest earned on investments is recognised in surplus or deficit for the year on the time proportionate basis that takes into account the effective yield on the investment.

9.2.3 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

9.2.4 Rentals

Revenue from the rental of facilities and equipment classified as operating leases is recognised on a straight-line basis over the term of the lease agreement, where such lease periods span over more than one financial year.

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9.3 Revenue from Non-exchange Transactions

9.3.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

9.3.2 Public contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

9.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

10 GOVERNMENT GRANTS AND RECEIPTS

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised as Accounts Receivable in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability and if it is the municipality's interest it is recognised as interest earned in surplus of deficit for the year.

11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land). The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

12 EMPLOYEE BENEFITS

12.1 Short-term Employee Benefits

Remuneration to employees is recognised in surplus or deficit for the year as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

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12.2 Past service costs

Past service costs are recognised immediately in surplus or deficit, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are recognised in full.

12.3 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit for the year in which the service is rendered by the relevant employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The municipality has no further payment obligations once the contributions have been paid.

12.4 Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to surplus or deficit for the year in which they arise.

12.4.1 Pension obligations

The municipality and its employees contribute to 4 different pension funds, namely Natal Joint Municipal Pension Fund and South African Local Authority Pension Fund. The KZN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint Superannuation & Retirement Funds and Government Employee Pension Fund are defined benefit funds. The Natal Joint Provident Fund and South African Local Authority Pension Fund are defined contribution funds.

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment thereof is made in the course of the municipality's normal budgeting processes."

12.4.2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, as well as additional once-off leave calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for in surplus or deficit for the year.

Actuarial gains or losses are accounted for in full and are recognised in surplus or deficit for the year.

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13 LEASES

13.1 The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

13.2 The Municipality as Lessor

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

14 BORROWING COSTS

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset are recognised as an expense in surplus or deficit for the year.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

15 VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the payments basis.

16 CASH AND CASH EQUIVALENTS

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

17 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

INDAKA LOCAL MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2015

18 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

20 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies due to adoption of newly effective Standards of GRAP have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy or where allowed transitional provisions had been adopted. In such cases the municipality would restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Errors are corrected retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality would restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

21 RELATED PARTIES

Individuals, including councilors, as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

22 COMMITMENTS.

Commitments are future expenses and liabilities to be incurred on contracts that have been entered into at the reporting date.

The amount of capital commitments and other operating commitments contracted for at the reporting date, and which have not been recognised as liabilities are disclosed by way of note.

23 EVENTS AFTER THE REPORTING DATE

Events after the reporting date that have been classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

24 COMPARATIVE INFORMATION

24.1 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

25 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	30 June 2015 R	Restated 2014 R
1 HOUSING OPERATING ACCOUNT			
Housing Operating Account 30 June 2014		653 525	617 990
Interest Received		63 849	35 534
Payment 2014/2015			
Housing Operating Account 30 June 2015		<u>717 374</u>	<u>653 525</u>
The Housing Operating Account is represented by the following assets and liabilities :			
Cash and cash equivalents.(Included in Investments.)		<u>717 374</u>	<u>653 525</u>
2 LONG-TERM LIABILITIES			
DBSA Loan		3 532 393	3 666 382
Sub-total		<u>3 532 393</u>	<u>3 666 382</u>
Less: Current portion transferred to current liabilities		186 001	177 482
Annuity Loans		<u>186 001</u>	<u>177 482</u>
Total External Loans		<u>3 346 392</u>	<u>3 488 900</u>
Refer to Appendix A for more detail on long-term liabilities.			
Annuity loans			
Bear interest at rates between 5.0% per annum, are being redeemed in six monthly installments, including interest, in September and March until 2028.			
3 NON-CURRENT PROVISIONS			
Provision for rehabilitation of landfill site		934 850	861 983
Sub Total		<u>934 850</u>	<u>861 983</u>
Less: Current portion transferred to current liabilities (refer to Note 5)		72 867	113 432
Provision for rehabilitation of landfill site		<u>72 867</u>	<u>113 432</u>
Total Non-Current Provisions		<u>861 983</u>	<u>748 551</u>
The movement in non-current provisions are reconciled as follows:			
<u>Landfill site rehabilitation</u>			
Balance at beginning of year		861 983	748 551
Contributions to provision		72 867	113 432
Reduction due to remeasurement		-	-
Increase due to discounting		-	-
Expenditure incurred		-	-
Balance at 30 June 2015		<u>934 850</u>	<u>861 983</u>

The provision created for the rehabilitation of the landfill site is based on a report conducted by AB Projects for the rehabilitation costs of the dumpsite.the report indicates a remaining live span of five years.

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	30 June 2015 R	Restated 2014 R
4 RETIREMENT BENEFIT INFORMATION			
4.1 Defined contribution plan			
Indaka Municipality has been contributing to three (3) different funding schemes in respect of retirement benefit. These contributions have been expensed.			
<i>These valuations indicate that the plan is in a sound financial position</i>			
<i>Actuarial valuation must be conducted at least every 3 years.</i>			
		Assets	Assets
KZN/Natal Joint Pension Fund @ 31 March 2012		6 538 900	6 538 900
Government Employees Pensions Fund @ 31 March 2010		708 137 500	708 137 500
Municipal Council Provident Fund @ 30 June 2009		1 136 372 026	1 136 372 026
<i>Amount below was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.</i>			
KZN/Natal Joint Provident Fund		553 399	553 399
Government Employees Pensions Fund		507 488	507 488
Municipal Council Provident Fund		0	0
4.2 Long service awards and retirement gifts			
The independent valuers, One Pangaea Financial actuarial consulting, carry out a statutory valuation on an annual basis.			
The principal actuarial assumptions used were as follows:			
Discount rate per annum		8.46%	8.46%
General Salary Inflation (long term)		6.27%	6.27%
Net effective discount rate		1.11%	1.11%
Examples of mortality rates used were as follows:			
Average retirement age		63 years	63 years
Mortality during employment		SA85-90 Ultimate	SA85-90 Ultimate
<i>Members withdrawn from service:</i>			
Age 20		12.0%	12.0%
Age 25		6.6%	6.6%
Age 30		5.1%	5.1%
Age 35		3.6%	3.6%
Age 40		2.6%	2.6%
Age 45		1.8%	1.8%
Age 50		1.1%	1.1%
Age 55+		0.0%	0.0%
The amounts recognised in the Statement of Financial Position were determined as follows:			
Present value of funded obligations		666 000	670 000
Fair value of plan assets			
Liability in the Statement of Financial Position		666 000	670 000

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	30 June 2015 R	Restated 2014 R
Movement in the defined benefit obligation is as follows:			
Balance at beginning of the year		670 000	602 000
Current service cost		139 000	81 000
Interest cost		-	42 000
Actuarial (Gain)/losses		(119 731)	142 410
Benefit payments		(23 269)	(197 410)
Miscellaneous			
Balance at 30 June 2015		<u><u>666 000</u></u>	<u><u>670 000</u></u>
The amounts recognised in the Statement of Financial Performance were as follows:			
Current service cost		139 000	81 000
Interest cost		-	42 000
Actuarial (Gain)/losses		(119 731)	142 410
Benefit payments		(23 269)	(197 410)
		<u><u>(4 000)</u></u>	<u><u>68 000</u></u>
In conclusion:			
Statement of Financial Position obligation for:			
Post-employment medical benefits			
Long Service Award		666 000	670 000
		<u><u>666 000</u></u>	<u><u>670 000</u></u>
Statement of Financial Performance obligation for:			
Post-employment medical benefits			
Long Service Award loss		4 000	68 000
		<u><u>4 000</u></u>	<u><u>68 000</u></u>
Additional retirement costs		-	-
		<u><u>4 000</u></u>	<u><u>68 000</u></u>
Long service award gain		-	-
		<u><u>-</u></u>	<u><u>-</u></u>

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	30 June 2015 R	Restated 2014 R
5 CURRENT PORTION OF PROVISIONS			
Rehabilitation of the landfill site - current portion		72 867	113 432
Performance Bonus		-	-
		<u>72 867</u>	<u>113 432</u>
6 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Trade creditors		7 627 880	1 817 983
Deposits-Hal Hire Deposits		7 885	5 945
Other Creditors		22 445	62 298
Other Creditors Payment in Advance-Debtors		1 920	14 122
Retentions		4 439 514	3 012 740
Staff leave accrual		845 777	720 694
Total creditors		<u>12 945 421</u>	<u>5 633 783</u>
7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
Unspent Conditional Grants from other spheres of Government			
MSIG Grant Uthukela		56 126	56 126
Eradication of Bucket System		671 219	671 219
Interdepartmental Planning		31 700	31 700
Backlog Infrastructure		80 702	80 702
Mig		9 216 672	5 107 805
MIG Prior			1 154 433
Financial Management Grant.		127 966	84 865
MSIG		513 165	68 585
D O E Grant			5 234 805
EPWP			237 610
Land Use Manageent		1 112	1 112
DBSA Feasibility Grant		92 907	92 907
Total Unspent Conditional Grants and Receipts		<u>10 791 569</u>	<u>12 821 870</u>
See Note 19 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.			
8 VALUE ADDED TAXATION PAYABLE/RECEIVABLE FROM EXCHANGE			
VAT Receivable		1 859 337	1 571 029
VAT is payable on the payment basis. Only once payment is made or received is VAT claimed or paid to SARS.All VAT returns have been submitted by the due date throughout the year.		<u>1 859 337</u>	<u>1 571 029</u>

**INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015**

9 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Landfilled site	Land	Buildings	Infrastructure	Community	Other Assets	Leased assets	Under Construction	Total
	R		R	R	R	R	R	R	R
Carrying Values at 30 June 2014	250 000	1 738 000	4 975 375	57 947 911	10 791 303	3 641 868	76 640	9 000 186	88 421 283
Cost	250 000	1 738 000	6 323 301	76 122 220	13 041 531	7 986 184	886 530	9 000 186	115 347 952
Accumulated depreciation	0		-1 347 927	-18 174 309	-2 250 227	-4 344 317	-809 890	0	-26 926 670
Acquisitions			75 000	13 872 823		321 789			14 269 612
Capital under construction								20 563 074	20 563 074
Disposal of Assets						-968 655			-968 655
Change in Policy									0
Cost	250 000	1 738 000	6 398 301	89 995 043	13 041 531	7 339 319	886 530	29 563 259	149 211 983
Acc dep			-1 347 927	-18 174 309	-2 250 227	-4 344 317	-809 890	0	-26 926 670
Impairment									0
Change in Accounting Policy									0
Depreciation			-212 441	-10 760 893	-480 287	-741 715	-76 640		-12 271 976
Change in accounting Estimates				802 332		8 932			811 264
Carrying Value of disposals						771 614			771 614
Carrying Values at 30 June 2015	250 000	1 738 000	4 837 934	61 862 173	10 311 016	3 033 832	0	29 563 259	111 596 214
Cost	250 000	1 738 000	6 398 301	89 995 043	13 041 531	7 339 319	886 530	29 563 259	149 211 983
Accumulated depreciation	0	0	-1 560 368	-28 132 870	-2 730 514	-4 305 487	-886 530	0	-37 615 769

**INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015**

Reconciliation of Carrying Value	Landfilled site	Land	Buildings	Infrastructure	Community	Other Assets	Leased assets	Under Construction	Total
	R		R	R	R	R	R	R	R
Carrying Values at 30 June 2013	250 000		4 560 870	50 273 215	10 039 634	3 783 610	284 898	3 793 504	72 985 731
Cost	250 000		5 707 531	60 307 863	11 835 538	7 399 481	886 530	3 793 504	90 180 448
Accumulated depreciation	0		-1 146 662	-10 034 648	-1 795 905	-3 615 871	-601 632	0	-17 194 717
Correction of error (33.1) previously not recognised		1 738 000							1 738 000
Restated Carrying Values at 30 June 2013	250 000	1 738 000	4 560 870	50 273 215	10 039 634	3 783 610	284 898	3 793 504	74 723 731
Cost	250 000	1 738 000	5 707 531	60 307 863	11 835 538	7 399 481	886 530	3 793 504	91 918 448
Accumulated depreciation	0	0	-1 146 662	-10 034 648	-1 795 905	-3 615 871	-601 632	0	-17 194 717
Acquisitions			615 770	10 450 690	1 205 992	621 290			12 893 742
Capital under construction									
Capital transferred				5 363 667				10 570 349	0
Disposal of Assets								-5 363 667	0
Change in Policy						-34 587			-34 587
Cost	250 000	1 738 000	6 323 301	76 122 220	13 041 530	7 986 184	886 530	-1 570 163	104 777 603
Acc dep	0	0	-1 146 662	-10 034 648	-1 795 905	-3 615 871	-601 632	0	-17 194 717
Assets written off									0
Cost									0
Accumulated Depreciation						5 818			5 818
Impairment									0
Change in Accounting Policy									0
Depreciation			-201 265	-8 139 661	-454 323	-741 094	-208 258		-9 744 601
Change in accounting Estimates						6 830			6 830
Carrying Value of disposals									0
	250 000	1 738 000	6 323 301	76 122 220	13 041 530	7 986 184	886 530	-1 570 163	104 777 603
	0	0	-1 347 927	-18 174 309	-2 250 227	-4 344 317	-809 890	0	-26 932 488
Carrying Values at 30 June 2014	250 000	1 738 000	4 975 375	57 947 911	10 791 303	3 641 867	76 640	9 000 186	88 421 282

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	Note	Restated 2014 R
10 INVESTMENT PROPERTY		
10.1 Reconciliation of carrying value		
	Investment property R	Total R
Accumulated depreciation and impairment losses	(66 623)	(66 623)
as at 1 July 2013	277 259	277 259
Cost	343 882	343 882
Accumulated depreciation and impairment losses	(66 623)	(66 623)
Acquisitions	-	
Depreciation	(22 925)	(22 925)
Carrying value of disposals		
Cost		
Accumulated depreciation		
as at 30 June 2014	254 334	254 334
Cost	343 882	343 882
Accumulated depreciation and impairment losses	(89 548)	(89 548)
as at 1 July 2014	254 334	254 334
Cost	343 882	343 882
Accumulated depreciation and impairment losses	(89 548)	(89 548)
Acquisitions	41 996	
Depreciation	(22 925)	(22 925)
Carrying value of disposals		
Cost		
Accumulated depreciation		
as at 30 June 2015	273 404	273 404
Cost	385 877	385 877
Accumulated depreciation and impairment losses	(112 473)	(112 473)
10.2 Investment property pledged as security-not applicable.		-

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

11 INTANGIBLE ASSETS	Restated 2014	
11.1 Reconciliation of carrying value	Software R	Total R
as at 1 July 2013	9 719	9 719
Cost/Revaluation	22 089	22 089
Accumulated amortisation.	(12 370)	(12 370)
Acquisitions	170 000	170 000
Amortisation	(45 089)	(45 089)
Carrying value of disposals	-	-
Cost		
Accumulated amortisation.		
Impairment loss/Reversal of impairment loss	-	-
Transfers	-	-
Other movements	-	-
as at 30 June 2014	134 630	134 630
Cost/Revaluation	192 089	192 089
Accumulated amortisation.	(57 459)	(57 459)
as at 1 July 2014	134 630	134 630
Cost/Revaluation	192 089	192 089
Accumulated amortisation.	(57 459)	(57 459)
Acquisitions	31 750	31 750
Amortisation	(66 068)	(66 068)
as at 30 June 2015	100 311	100 311
Cost/Revaluation	223 839	223 839
Accumulated amortisation.	(123 528)	(123 528)

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
12 INVENTORIES		
Consumable stores - at cost	92 435	69 206
Fuel	75 984	48 645
Oil	3 827	2 376
Others	12 624	18 185
Physical stock counts were carried out on 30 June 2015.		
Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority.		
13 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity		1 369
Refuse	793 324	782 110
Consumer debtors for VAT	143 438	145 765
Total service debtors	936 762	929 244
Less: Allowance for impairment	-904 441	-822 327
Total	32 321	106 917
<u>Electricity: Ageing</u>		
Current (0 – 30 days)		
31 - 60 Days		
61 - 90 Days		
91 - 120 Days		
Greater than 120 days	0	1 369
Total	0	1 369
<u>Refuse: Ageing</u>		
Current (0 – 30 days)	14 282	18 480
31 - 60 Days	14 274	18 216
61 - 90 Days	15 470	18 208
91 - 120 Days	14 245	18 185
Greater than 120 days	735 054	709 021
Total	793 324	782 110
<u>Vat: Ageing</u>		
Current (0 – 30 days)	2 011	2 596
31 - 60 Days	2 010	2 557
61 - 90 Days	2 152	2 555
91 - 120 Days	2 005	2 552
Greater than 120 days	135 259	135 505
Total	143 438	145 765
<u>Reconciliation of the Allowance for Impairment</u>		
Balance at beginning of the year	1 961 002	1 341 998
Receivables from exchange transactions	822 327	544 059
Receivables from non-exchange transactions	1 138 675	797 939
(Release from) / Contribution to provision	507 534	619 004
Receivables from exchange transactions	82 114	278 268
Receivables from non-exchange transactions	425 420	340 736
	507 534	619 004
	-	-
Vat on trade receivables from exchange transactions	-	-
Vat on trade receivables from non-exchange transactions	-	-
	-	-
Receivables from exchange transactions	904 441	822 327
Receivables from non-exchange transactions	1 564 095	1 138 675
Balance at end of 30 June 2015	2 468 536	1 961 002
Bad debts written off	-	-

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
14 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Rates	2 599 773	1 708 681
Other debtors	2 759	4 010
Accrued Interest	0	194 173
Deposits Paid	91 440	12 940
Add back credits included above	1 920	14 122
	2 695 892	1 933 925
Less: Allowance for impairment	-1 564 095	-1 138 675
Total Other Debtors	1 131 796	795 250
<u>Rates: Ageing</u>		
Current (0 – 30 days)	70 887	53 055
31 - 60 Days	70 887	53 038
61 - 90 Days	70 875	53 038
91 - 120 Days	70 862	53 133
Greater than 120 days	2 318 181	1 510 538
Total	2 601 691	1 722 803
<u>Add back credits included above: Ageing</u>		
Current (0 – 30 days)	0	0
31 - 60 Days	-23	0
61 - 90 Days	0	-223
91 - 120 Days	0	0
Greater than 120 days	-1 896	-13 899
Total	-1 920	-14 122
15 INVESTMENTS		
15.1 CURRENT INVESTMENTS		
Call investments	104 964 085	42 348 128
TOTAL CURRENT INVESTMENTS	104 964 085	42 348 128
<u>ACCOUNT DISCRIPTION - Investments (MFMA requirement)</u>		
Investment Bank account Call Account		
Standard Bank Ladysmith		
Account Number 68522347-002 Short Term Investment Account		
Bank statement balance at the beginning of the year	0	11 210 399
Bank statement balance on 30 June 2015	-	0
Investment Bank account 3 Month Fix		
Standard Bank Ladysmith		
Account Number 068522347008 Short Term Investment Account		
Bank statement balance at the beginning of the year	-	30 804 041
Bank statement balance on 30 June 2015	-	-
Investment Bank account 6 Month Fix		
First National Bank Ladysmith		
Account Number 74461862953 120 days Short Term Investment Account		
Bank statement balance at the beginning of the year	10 000 000	0
Bank statement balance on 30 June 2015	0	10 000 000
Investment Bank account Call Account		
Standard Bank Ladysmith		
Account Number 068522347-010 Short Term Investment Account		
Bank statement balance at the beginning of the year	32 348 128	
Bank statement balance on 30 June 2015	13 239 910	32 348 128

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
Investment Bank account Call Account		
Investic Bank		
Account Number 506626 Fixed Deposit 90 days		
Bank statement balance at the beginning of the year		
Bank statement balance on 30 June 2015	<u>20 023 014</u>	<u>0</u>
Investment Bank account Call Account		
ABSA Bank		
Account Number 955 600145 Fixed Deposit 182 days		
Bank statement balance at the beginning of the year		
Bank statement balance on 30 June 2015	<u>51 678 082</u>	<u>0</u>
INVESTMENT- NEDBANK 7.02%		
Account Number 1766000029 Fixed Deposit 90 days		
Bank statement balance at the beginning of the year		
Bank statement balance on 30 June 2015	<u>20 023 079</u>	<u>0</u>
16 BANK BALANCES AND CASH		
Cash and cash equivalents consist of the following:		
Cash on hand	35 625 492	60 703 154
Petty Cash	1 000	1 000
	<u>35 626 492</u>	<u>60 704 154</u>
The Municipality has the following main bank accounts: -		
<u>Primary Bank Account</u>		
Standard Bank Ladysmith Branch Account Number 60157259		
Cash book balance at beginning of year	60 824 558	20 742 075
Cash book balance on 30 June 2015	<u>35 625 492</u>	<u>60 824 558</u>
Bank statement balance at beginning of year	60 824 558	20 742 075
Bank statement balance on 30 June 2015	<u>35 625 492</u>	<u>60 824 558</u>
Petty cash and cash on hand	<u>1 000</u>	<u>1 000</u>
Total bank,cash and overdraft balances.	<u>35 626 492</u>	<u>60 825 558</u>

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
17 PROPERTY RATES		
Actual		
Residential	2 631 528	2 502 108
Business	215 043	201 616
Agriculture	262 955	299 008
PSI	541	503
Vacant Land	277 831	287 792
Place of Worship	79 300	17 550
Other	2 526 310	2 246 015
Total property rates	5 993 508	5 554 592
Property rates - penalties imposed and collection charges		
Total	5 993 508	5 554 592
Rates Rebate	-2 785 614	-786 851
Rates Impermissible	0	-2 578 555
Total	3 207 894	-3 365 406
Valuations		
Residential	215 699 000	215 699 000
Business	11 751 000	11 751 000
Agriculture	104 743 000	104 743 000
Place of Worship	6 500 000	6 500 000
Other	142 208 000	142 208 000
Vacant Land	21 032 000	21 032 000
P S I	186 500	186 500
Total Property Valuations	502 119 500	502 119 500
Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2011.		
Assessment rates:		
Residential	0.0122	0.0116
Agricultural	0.0029	0.0027
Business	0.0183	0.0174
Place of Worship	0.0000	0.0000
Vacant Land	0.0144	0.0116
Other	0.0166	0.0158
Public service infrastructure	0.0029	0.0027
The first R120 000 of the valuation of residential properties are exempt from the calculation of rates.		
Impermissible:		
Residential property	135 000	135 000
Public service infrastructure	0	0
Place of Worship	0	0

18 SERVICE CHARGES

Refuse removal	172 559	94 521
Total Service Charges	172 559	94 521

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
19 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share	67 255 000	63 188 116
Finance Management Grant	1 672 034	1 565 135
Msig	420 835	821 415
MIG	22 184 328	21 222 158
EPWP Grant	1 000 000	762 390
D O E Electrification Grant	0	1 764 046
Operating Grants	535 000	514 000
Total Conditional Grants and Receipts	93 067 197	89 837 260
 MSIG Grant repaid to Treasury	 68 585	 289 425
FMG Grant repaid to Treasury	84 864	172 692
EPWP Grant repaid to Treasury	237 610	0
MIG 2012/2013 Grant repaid to Treasury	1 154 433	0
MIG 2013/2014 Grant repaid to Treasury	5 107 805	0
DOE Grant repaid to Treasury	5 234 807	1 429 000
Sub Grant Expenditure	104 955 301	91 728 377
Grants		
Less : Operating Grant	535 000	514 000
Total grants expenditure.	104 420 301	91 214 377
 19.1 Equitable Share		
Balance unspent at beginning of year	-	0
Current year receipts	67 255 000	63 188 116
Conditions met - transferred to revenue	-67 255 000	-63 188 116
	-	-
 In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
 19.2 Backlog Infrastructure Grant.		
Balance unspent at beginning of year	80 702	80 702
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 7)	80 702	80 702
 This is the balance of an very old grant where no information is available. The municipality will consider to pay the unspent balance back to the Province.		
 19.3 DBSA Feasibility Grant.		
Balance unspent at beginning of year	92 907	92 907
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 7)	92 907	92 907
 This is the balance of an very old grant where no information is available. The municipality will consider to pay the unspent balance back to the Province.		
 19.4 Eradicating Bucket System Grant.		
Balance unspent at beginning of year	671 219	671 219
Adjustments		
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 7)	671 219	671 219
 This is the balance of an very old grant where no information is available. The municipality will consider to pay the unspent balance back to the Province.		
 19.5 Financial Management Grant 2012/2013		
Balance unspent at beginning of year	0	172 692
Current year receipts		
Conditions met - transferred to revenue		
Grant repaid to Treasury	0	-172 692
Conditions still to be met - remain liabilities (see note 7)	0	0

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
19.6 Financial Management Grant 2013/2014		
Balance unspent at beginning of year	84 865	
Current year receipts		1 650 000
Conditions met - transferred to revenue		-1 565 135
Grant repaid to Treasury	-84 865	
Conditions still to be met - remain liabilities (see note 7)	<u><u>0</u></u>	<u><u>84 865</u></u>
This grant was used for interns salaries to advance the Implementation of the MFMA, training of officials to meet the minimum competency requirements. The municipality was not able to utilize the grant 100% and therefor repaid an amount of R 84 865.00 to National Treasury.		
19.7 Financial Management Grant 2014/2015		
Balance unspent at beginning of year		
Current year receipts	1 800 000	
Conditions met - transferred to revenue	-1 672 034	
Grant repaid to Treasury		
Conditions still to be met - remain liabilities (see note 7)	<u><u>127 966</u></u>	<u><u>0</u></u>
This grant was used for interns salaries to advance the Implementation of the MFMA, training of officials to meet the minimum competency requirements.		
19.8 Inter Departmental Planning Grant		
Balance unspent at beginning of year	31 700	31 700
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 7)	<u><u>31 700</u></u>	<u><u>31 700</u></u>
This is the balance of an very old grant where no information is available. The municipality will consider to pay the unspent balance back to the Province.		
19.9 LUMS.		
Balance unspent at beginning of year	1 112	1 112
Adjustments		
Conditions still to be met - remain liabilities (see note 7)	<u><u>1 112</u></u>	<u><u>1 112</u></u>
This is the balance of an very old grant where no information is available. The municipality will consider to pay the unspent balance back to the Province.		
19.10 MSIG.-Uthukela.		
Balance unspent at beginning of year	56 126	56 126
Adjustments		
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 7)	<u><u>56 126</u></u>	<u><u>56 126</u></u>
This is the balance of an very old grant where no information is available. The municipality will consider to pay the unspent balance back to the District Municipality		
19.11 D O E Electrification Grant		
Balance unspent at beginning of year	5 234 805	1 427 851
Current year receipts		7 000 000
Conditions met - transferred to revenue	0	-1 764 046
Grant refunded to Treasury 2011/2012		-1 022 000
Grant refunded to Treasury 2012/2013		-407 000
Grant refunded to Treasury 2013/2014	-5 234 805	
Conditions still to be met - remain liabilities (see note 7)	<u><u>0</u></u>	<u><u>5 234 805</u></u>
This grant was received for electricity connections to households in various areas. The municipalitys application for an roll-over of the unspent grant was not successful and repaid R 5 234 805.00 to national treasury. This was a result of delays in the tendering process in appointing suitable contractors.		

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
19.12 MSIG.		
Balance unspent at beginning of year	68 585	289 425
Current year receipts	934 000	890 000
Conditions met - transferred to revenue	-420 835	-821 415
Grant refunded to Treasury 2012/2013	0	-289 425
Grant refunded to Treasury 2013/2014	-68 585	
Conditions still to be met - remain liabilities (see note 7)	513 165	68 585
<p>This grant was used for systems to comply with the legislation and audit outcomes i.t.o.GRAP. An amount of R 68 585.00 has been repaid to National Treasury.</p>		
19.13 MIG. 2012/2013		
Balance unspent at beginning of year	1 154 433	5 967 065
Current year receipts -transfer from 22.12		1 053 330
Conditions met - transferred to revenue		-5 865 962
Grant refunded to Treasury 2013/2014	-1 154 433	
Conditions still to be met - remain liabilities (see note 7)	0	1 154 433
<p>This grant was used to construct roads and bridges, sportfields, community halls and streetlighting as part of the upgrading of informal settlement areas.</p> <p>The municipalitys application for an roll-over of the unspent grant was not successful and repaid R 1 154 433.00 to national treasury. This was a result of delays in the tendering process in appointing suitable contractors.</p>		
19.14 MIG.Prior		
Balance unspent at beginning of year	0	1 053 330
Current year receipts		
Conditions met - transferred to revenue		
Grant Roll over transferred to 22.11	0	-1 053 330
Grant Recovered		
Conditions still to be met - remain liabilities (see note 7)	0	0
19.15 MIG.2013/2014		
Balance unspent at beginning of year		
Current year receipts	5 107 805	20 464 000
Conditions met - transferred to revenue		-15 356 195
Grant refunded to Treasury 2013/2014	(5 107 805)	
Conditions still to be met - remain liabilities (see note 7)	-	5 107 805
<p>This grant was used to construct roads and bridges, sportfields, community halls and streetlighting as part of the upgrading of informal settlement areas.</p> <p>The municipalitys application for an roll-over of the unspent grant was not successful and repaid R 5 107 805.00 to national treasury. This was a result of delays in the tendering process in appointing suitable contractors.</p>		
19.16 MIG.2014/2015		
Balance unspent at beginning of year		
Current year receipts	31 401 000	
Conditions met - transferred to revenue	(22 184 292)	
Conditions still to be met - remain liabilities (see note 7)	9 216 708	-
<p>This grant was used to construct roads and bridges, sportfields, community halls and streetlighting as part of the upgrading of informal settlement areas.</p>		

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
19.17 EPWP		
Balance unspent at beginning of year	237 610	
Current year receipts		1 000 000
Conditions met - transferred to revenue	0	(762 390)
Grant refunded to Treasury 2013/2014	-237 610	
Conditions still to be met - remain liabilities (see note 7)	<u>-</u>	<u>237 610</u>
<p>The expanded Public Works Programme is a government programme aimed on the alleviation of poverty and unemployment. This program ensures the full engagement on Labour Intensive Methods ogf construction to workers for skills development.</p> <p>The municipalitys application for an roll-over of the unspent grant was not successful and repaid R 237 610.00 to national treasury.</p>		
19.18 EPWP		
Balance unspent at beginning of year	0	
Current year receipts	1 000 000	
Conditions met - transferred to revenue	-1 000 000	
Grant refunded to Treasury 2014/2015		
Conditions still to be met - remain liabilities (see note 7)	<u>-</u>	<u>-</u>
20 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages, Bonuses	8 525 126	8 017 849
Employee related costs - Contributions for UIF, pensions	741 440	748 406
Travel, motor car, accommodation, subsistence and other allowances	339 570	297 536
Medical Aid Contributions	164 449	138 606
Housing benefits and allowances	34 128	46 874
Overtime payments	0	3 220
Other employee related costs	4 305	4 286
Total Employee Related Costs	<u>9 809 018</u>	<u>9 256 777</u>
Remuneration of the Municipal Manager		
Annual Remuneration	539 853	525 000
Travel, motor car, accommodation, subsistence and other allowances	179 951	199 200
Contributions to UIF, Medical and Pension Funds	9 245	8 753
Total	<u>729 050</u>	<u>732 953</u>
Remuneration of the Chief Finance Officer		
Annual Remuneration	611 834	198 333
Travel, motor car, accommodation, subsistence and other allowances		7 200
Contributions to UIF, Medical and Pension Funds	8 586	2 676
Total	<u>620 419</u>	<u>208 209</u>

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015	Restated 2014
	R	R
Remuneration of Individual Executive Directors	Technical Services	Corporate Services
	R	R
30 June 2015		
Annual Remuneration	460 013	489 853
Travel, motor car, accommodation, subsistence and other allowances	153 338	75 058
Contributions to UIF, Medical and Pension Funds	8 060	8 261
Total	621 410	573 172
	Technical Services	Corporate Services
2014		
Annual Remuneration	547 800	119 094
Travel, motor car, accommodation, subsistence and other allowances	69 600	35 056
Contributions to UIF, Medical and Pension Funds	7 935	1 969
Total	625 335	156 119
	R	R
21 REMUNERATION OF COUNCILLORS		
Mayor	693 948	623 816
Deputy Mayor	559 078	503 226
Speaker	559 078	503 227
Executive Committee Members	596 766	539 169
Councillors	3 301 968	2 956 051
Total Councillors' Remuneration	5 710 838	5 125 489
In-kind Benefits		
The Mayor, Deputy Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor is in title the use of the Council owned vehicle for official duties. The Mayor is entitled to VIP protection, driver and secretary to support the Mayors office.		
22 FINANCE COSTS		
Interest on external loan DBSA	178 929	187 636
Interest on external loan Wesbank	-	-
Interest on Fintech Lease	2 445	26 326
Total Finance Costs	181 374	213 962
23 CONTRACTED SERVICES		
Contracted services for:		
Internal Audit	1 055 824	1 715 382
Refuse Removals	797 200	718 087
Security Services	2 574 732	2 280 959
Other	1 810 161	335 539
	6 237 917	5 049 968

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
24 GENERAL EXPENSES		
Included in general expenses are the following:-		
Access and licence fees (CICS)	140 125	122 323
Advertisement	48 635	106 828
Assets under R 5000.00	5 118	25 699
Audit fees	1 162 404	764 715
Bank Charges	33 557	32 037
Cellphones	103 200	85 470
Cleaning Materials	30 613	7 158
Conferences and seminars	92 096	103 807
Electricity	741 625	569 901
Entertainment	64 536	82 394
EPWP Expenditure	210 337	0
Fuel & Lubricants	440 362	310 198
EPWP Grant	1 000 000	762 390
FMG Grant	1 543 044	1 475 419
MSIG Grant	96 220	496 547
Free Basic Electricity	529 152	559 541
HIV/AIDS	67 262	9 300
Public participation /Speaker	113 750	0
IDP Spatial Development		319 000
Infrastructure plan.		275 000
Insurance	365 406	381 801
Landfill Site		152 000
Legal Costs	903 893	361 645
Planning IDP. review	234 775	175 439
PMU Costs	0	54 116
Postage	977	1 575
Printing and Stationery	121 980	117 219
Protective Clothing	13 325	18 658
Purchase of tools	1 784	1 670
Recruitment of staff.		8 890
Registration & License Fees	22 657	27 283
Rental Office Machinery	423 333	393 081
Rural development strategy.		209 400
SALGA Membership	500 000	450 000
Skills Development Levy	132 843	126 228
Skills recognition	26 060	10 800
Subsistence and travelling	229 391	123 077
Support and maintenance		448 422
Telephones	391 072	367 013
Training Councillors	23 353	0
Training Staff Members	211 696	294 242
Ward Committees	1 159 630	1 135 000
Waste management plan.		389 000
Capacity Building	1 015 429	3 738
Hiring equipment		251 834
Bursaries	369 485	0
SDF.&Lums.	65 000	
Housing Plan	249 460	
Leave	177 872	
Youth funds	160 466	
	13 221 923	11 609 859
24.1 Significant increase in legal costs due to a case against the late Municipal Manager		
24.2 Increase in subsistence and travelling and capacity building is due to the training of officials		
25 REPAIRS AND MAINTENANCE		
Repairs and maintenance	496 340	888 779
Total Repairs and Maintenance	496 340	888 779
Decrease in repairs and maintenance due to roads being renewed and not maintained		

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
26 FINANCE LEASE LIABILITY		
GRAP 13, paragraph 12 Leases, When the lease term is for the major part of the economic life of the asset even if title is not transferred or at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset the asset should be classified as a finance lease.		
Within one year	0	
In the second to fifth year inclusive		
After five years	-	-
Future Finance charged on finance leases		
Total	<u><u>0</u></u>	<u><u>0</u></u>
The present value of finance lease liabilities is as follows:		
Within one year	0	93 691
In the second to fifth year inclusive		
After five years		
Total	<u><u>0</u></u>	<u><u>93 691</u></u>
27 RENTAL OF FACILITIES AND EQUIPMENT		
Investment Property	116 535	102 952
Other rentals	-	0
Total rentals	<u><u>116 535</u></u>	<u><u>102 952</u></u>
28 INTEREST EARNED - EXTERNAL INVESTMENTS		
Investments	7 174 895	3 876 256
Total interest	<u><u>7 174 895</u></u>	<u><u>3 876 256</u></u>
29 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS		
29.1 OTHER INCOME		
Miscellaneous	14 839	21 126
Tender Documents	56 185	77 501
Burial Fees	13 246	14 660
Site clearance	0	79
Total Other Income	<u><u>84 269</u></u>	<u><u>113 366</u></u>
29.2 GAIN ON DISPOSAL OF ASSETS		
Sale of Assets	68 529	
Total Disposal of assets	<u><u>68 529</u></u>	
30 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	12 271 976	9 731 953
Property, plant and equipment-Returned Assets	0	5 818
Investment Property	22 925	22 925
Change in Accounting Estimates	-811 264	
Intangible assets	66 068	45 089
Total Depreciation and Amortisation	<u><u>11 549 706</u></u>	<u><u>9 805 785</u></u>

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
31 CASH GENERATED BY OPERATIONS		
Cash generated from operations	56 085 091	56 411 193
Surplus for the year		
Adjustments for:		
Investment Income	-7 174 895	-3 876 256
proceeds of sale of assets	-68 529	
Depreciation	11 549 706	9 805 786
Interest Paid	181 374	213 962
Contributions non-current provisions.	109 432	(182 000)
Contributions current provisions.	(40 565)	363 432
Operating surplus before working capital changes	60 641 614	62 736 117
Receivables from exchange transactions.	74 596	86 167
Receivables from non-exchange transactions.	-336 546	425 489
Decrease/Increase in un-spent conditional grants.	-2 030 301	2 977 740
Decrease/Increase in inventories.	-23 229	105 987
Decrease/Increase in creditors	7 311 639	-4 042 875
Decrease/Increase in vat.	-288 308	1 620 633
Decrease/Increase Housing Development	63 849	35 534
Cash generated from operations.	65 413 314	63 944 794
32 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	35 625 492	60 703 154
Call Investment Deposits	104 964 085	42 348 128
Petty Cash	1 000	1 000
Net cash and cash equivalents	140 590 578	103 052 282
33 CHANGE IN ESTIMATE.		
2015		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and/or changes to existing policies:	30 June 2015	2014
Roads	802 332	
Computer equipment accumulated depreciation	400	-1 234
Furniture & Fittings accumulated depreciation	1 533	-5 596
Vehicles	6 999	
	811 264	-6 830
34 CHANGE IN ACCOUNTING POLICY.		
2014		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and/or changes to existing policies: Grap 25		
Post Retirement Benefits- GRAP 25.		68 000
Intangible Assets GRAP 31		124 911
		192 911
2015		
No changes		

**INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015**

	30 June 2015 R	Restated 2014 R												
35 CORRECTION OF ERRORS														
The comparatives to 2013/2014 have been restated in respect of the following errors.														
Service Charges - Refuse Refuse charged on vacant land from 2006 reversed	-127 331													
General Expenses Reduced Advertising expenditure R 3 221.00 and Printing and stationery R 2 706.00	5 927													
Reduce to creditors Bell Equipment R3.55 and Toyota R 2 114.16	2 118													
V A T All V A T queries finalized-V A T suspense amended	-286 120													
Performance Bonus No H O D did qualify for a performance bonus.	70 000													
Total prior period errors	-335 406													
36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED														
36.1 Irregular expenditure														
Reconciliation of irregular expenditure														
Opening balance	55 828 019	42 743 773												
Irregular expenditure current year	2 889 002	13 084 247												
Irregular expenditure not reported previous year														
Irregular expenditure not reported previous year 2012/2013														
Approved by Council.	-15 758 567													
Irregular expenditure awaiting decision by council.	42 958 454	55 828 019												
<table><tr><td>Incident</td><td>Disciplinary steps/criminal proceedings</td></tr><tr><td colspan="2">Incident not reported previous year-Obhukwini Road-Contractor Sicelimpilo</td></tr><tr><td colspan="2">Contractors- Total Contract Value-R 2 704 340.66 Payment R 1 710 085.50</td></tr><tr><td colspan="2">Irregular expenditure Current Year-Not following Suply Chain Procedures.</td></tr><tr><td colspan="2">Incident- Limehill Highmast Lights -Contractor Veez Micro</td></tr><tr><td colspan="2">Contractor were appointed without following Suply Chain Procedures.</td></tr></table>			Incident	Disciplinary steps/criminal proceedings	Incident not reported previous year-Obhukwini Road-Contractor Sicelimpilo		Contractors- Total Contract Value-R 2 704 340.66 Payment R 1 710 085.50		Irregular expenditure Current Year-Not following Suply Chain Procedures.		Incident- Limehill Highmast Lights -Contractor Veez Micro		Contractor were appointed without following Suply Chain Procedures.	
Incident	Disciplinary steps/criminal proceedings													
Incident not reported previous year-Obhukwini Road-Contractor Sicelimpilo														
Contractors- Total Contract Value-R 2 704 340.66 Payment R 1 710 085.50														
Irregular expenditure Current Year-Not following Suply Chain Procedures.														
Incident- Limehill Highmast Lights -Contractor Veez Micro														
Contractor were appointed without following Suply Chain Procedures.														
36.2 Unauthorised expenditure														
Reconciliation of unauthorised expenditure														
Opening balance	0	0												
Unauthorised expenditure current year	424 706	0												
depreciation and impairment costs														
Transfer to receivables for recovery	-	-												
Unauthorised expenditure awaiting authorisation	424 706	0												
<table><tr><td>Incident</td><td>Disciplinary steps/criminal proceedings</td></tr><tr><td colspan="2">Unbudgeted expenditure</td></tr></table>			Incident	Disciplinary steps/criminal proceedings	Unbudgeted expenditure									
Incident	Disciplinary steps/criminal proceedings													
Unbudgeted expenditure														
36.3 Fruitless and wasteful expenditure														
Reconciliation of fruitless and wasteful expenditure														
Opening balance -	5 566 132	3 560 860												
Fruitless and wasteful expenditure current year	1 700	2 005 272												
Approved by Council.	(1 166)	-												
To be recovered – contingent asset	-	-												
Fruitless and wasteful expenditure awaiting decision by council.	5 566 666	5 566 132												
<table><tr><td>Incident</td><td>Disciplinary steps/criminal proceedings</td></tr><tr><td colspan="2">Fruitless & Wasetful Expenditure - (R1700.18) Interest on various overdue accounts - Eskom & Telkom.</td></tr></table>			Incident	Disciplinary steps/criminal proceedings	Fruitless & Wasetful Expenditure - (R1700.18) Interest on various overdue accounts - Eskom & Telkom.									
Incident	Disciplinary steps/criminal proceedings													
Fruitless & Wasetful Expenditure - (R1700.18) Interest on various overdue accounts - Eskom & Telkom.														

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
37.1 Contributions to organised local government		
Opening balance	-	-
Council subscriptions	500 000	450 000
Amount paid - current	(500 000)	(450 000)
Amount paid - previous years		
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
37.2 Audit fees		
Opening balance	-	-
Current year audit fee	1 162 404	764 715
Amount paid - current year	-1 162 404	-764 715
Amount paid - previous years		
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
37.3 VAT		
VAT input receivables and VAT output payables are shown in note 8. All VAT returns have been submitted by the due date throughout the year.		
37.4 PAYE,SKILLS and UIF		
Opening balance	-	-
Current year payroll deductions	2 525 412	2 425 101
Amount paid - current year	-2 525 412	-2 425 101
Amount paid - previous years		
Balance unpaid (included in payables)	<u>-</u>	<u>0</u>
37.5 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	1 832 261	1 729 025
Amount paid - current year	-1 832 261	-1 729 025
Amount paid - previous years		
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
37.6 Councillor's arrear consumer accounts		
The following Councillors had arrear accounts outstanding for more than 90 days as at:	Total	Total
-	R	R
as at 30 June 2015		
as at 30 June 2014	-	-
as at 30 June 2013	-	-
Total Councillor Arrear Consumer Accounts	<u>-</u>	<u>-</u>

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
37.7 Supply chain management deviations		
Accommodation	4 820	
Advertising	6 478	
Building repairs	31 445	4 500
Entertainment	1 528	
Fuel	448 234	
Hire of equipment.	2 598	
Legal	831 895	5 850
Repairs and Maintenance.	290 955	296 418
Security	10 667	
Construction High Mast	907 212	
Support and Maintenance.	353 169	
	<u>2 889 002</u>	<u>292 693</u>
37.8 Non-Compliance with Chapter 11 of the Municipal Finance Management Act		
None		
38 CAPITAL COMMITMENTS		
38.1 Commitments in respect of capital expenditure		
- Approved and contracted for	12 016 077	16 470 165
Infrastructure	8 005 754	16 470 165
Community	4 010 323	
Heritage	-	-
Other	-	-
- Approved but not yet contracted for	0	0
Infrastructure	0	0
Community	-	-
Heritage	-	-
Other	-	-
Total	<u>12 016 077</u>	<u>16 470 165</u>
This expenditure will be financed from:		
- External Loans	-	-
- Government Grants	9 326 876	14 599 419
- Own resources	2 689 201	1 870 746
- District Council Grants		
	<u>12 016 077</u>	<u>16 470 165</u>

**INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015**

	30 June 2015 R	Restated 2014 R
39 RETIREMENT BENEFIT INFORMATION		
39.1 Defined contribution plan		
The following are defined contribution plans: These contributions have been expensed.		
39.2 Defined benefit plan		
Personnel are members of the Natal Joint Municipal Pension Fund, Government Employees Pension Fund and Municipal Council Pension Funds. The last actuarial valuation for Natal Joint Pension Fund was on 31 March 2012, for Government Employees Pension Fund the last actuarial valuation was on 31 March 2010 and for the Municipal Council Pension Fund the last actuarial valuation was on 3 June 2009.		
40 CONTINGENT LIABILITY		
40.1 Pending Legal Cases		
Indaka Local Municipality/S M Mbhele & Dlamini		60 000
Indaka Local Municipality/B S Maphanga		60 000
Indaka Local Municipality/Khumalo & Dlamini		60 000
Indaka Local Municipality/B B Mdletshe & Another		60 000
Magugu/Indaka Local Municipality	1 185 000	60 000
Indaka Local Municipality/Tebezi Contractors cc	235 000	
Indaka Local Municipality/Disciplinary/Schuman	7 500	
	1 427 500	300 000
41 CONTINGENT ASSET		
None		
42 IN-KIND DONATIONS AND ASSISTANCE		
None		
43 COMPARISON WITH THE BUDGET		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).		
44 RELATED PARTIES		
44.1 Transactions with Related Parties		
No transactions has been conducted during the financial year.		
44.2 Key Management Personnel Compensation		
Compensation of Key Management Personnel and Councillors is set out in Notes 22 and 23 respectively to the Annual Financial Statements.		
45 EVENTS AFTER THE REPORTING DATE		
45.1 None		

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
46 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS		
The following areas involve a significant degree of estimation uncertainty:		
Useful lives and residual values of property, plant, and equipment		
Recoverable amounts of property, plant and equipment		
Present value of defined benefit obligation		
Provision for doubtful debts		
47 GOING CONCERN ASSUMPTION		
The Annual Financial Statements have been prepared on the assumption that the Municipality will continue to operate as a going concern for at least until the merger with Mnambithi Municipality in May 2016.		
48 FINANCIAL RISK MANAGEMENT		
<i>Financial Risk Management Objectives</i>		
Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.		
The municipality's Corporate Treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the municipality. These risks include market risk (including, fair value and interest rate risk), credit risk and liquidity risk.		
The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.		
48.1 Maximum credit risk exposure		
Credit rate risk consist mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party		
Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:		
The maximum credit exposure in respect of the relevant financial instruments is as follows (domestic exposure only)		
	30 June 2015 R	2014 R
Investments	104 964 085	42 348 128
Cash and Cash Equivalents	35 626 492	60 704 154
Interest rate swaps	-	-
Financial guarantees	-	-
Trade and other receivables		
Maximum Credit Exposure	<u><u>140 590 578</u></u>	<u><u>103 052 282</u></u>

INDAKA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	30 June 2015 R	Restated 2014 R
48.2 Credit Risk Management		
Credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.		
Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:		
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows (domestic exposure only, no international exposure):		
Investments	104 964 085	42 348 128
Receivables	1 164 117	902 167
Cash and Cash Equivalents	35 626 492	60 704 154
Maximum Credit and Interest Risk Exposure	141 754 694	103 954 449
Credit quality of Financial Assets:		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
Receivables are broken down as follows:		
Exchange	32 321	106 917
Non-Exchange	1 131 796	795 250
	1 164 117	902 167
The ageing of exchange and non-exchange receivables at the reporting date was as follows:		
Gross		2 637 925
Current (0 – 30 days)		147 942
31 - 60 Days		73 578
61 - 90 Days		73 871
91 - 120 Days		72 999
Greater than 120 days		2 269 535
Less: Provision for Bad Debts	-2 468 535	-1 961 001
Net Consumer Debtors	-2 468 535	676 924
Movement in the provision for bad debts:		
Balance at the beginning of the year	1 961 001	1 341 998
Contribution	507 534	619 003
Bad Debts written off	0	0
Balance at 30 June 2015	2 468 535	1 961 001
48.3 Liquidity risk		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities		
48.4 Interest rate risk		
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in the market interest rates.		
At year end, financial instruments exposed to interest rate risk were as follows:		
	2015 R	2014 R
Call deposits	104 964 085	32 348 128
Investment deposits	0	10 000 000
Bank balances and cash	35 626 492	60 704 154
Development Bank of South Africa loan	3 532 393	3 666 382
Maximum Interest exposure	144 122 970	106 718 665
48.5 Other price risk		
The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments		

50. COMPARATIVE AND ACTUAL INFORMATION

Description	2014/15								
R (000) thousands	Original Budget	Budget Adjustments	Virement	Final Budget	Actual outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Financial Performance									
Property rates	3 056 643	3 220 438	-	3 220 438	3 207 894	-	12 544	100%	105%
Services charges - Refuse	175 000	195 000	-	195 000	172 559	-	22 441	88%	99%
Rental of Facilities and Equipment	94 349	103 350		103 350	116 535		-13 185	113%	124%
Interest Earned-External Investment	2 500 000	5 000 000	-	5 000 000	7 174 895	-	-2 174 895	143%	287%
Transfers recognised - operational	71 820 000	71 524 000	-	71 524 000	70 882 869	-	641 131	99%	99%
Other own revenue	78 000	78 000	-	78 000	83 869	-	-5 869	108%	108%
Profit in sale of assets	0	0	-	0	68 529	-	-68 529	100%	100%
Total Revenue (excluding capital transfers and contributions)	77 723 992	80 120 788	0	80 120 788	81 707 150	0	-1 586 362		
Employee Related Costs	12 853 543	11 917 643	-	11 917 643	9 809 018	-	2 108 624	82%	76%
Remuneration of Councillors	5 784 952	5 784 952	-	5 784 952	5 710 838	-	74 115	99%	99%
Dept impairment	700 000	700 000	-	700 000	507 534	-	192 466	73%	73%
Depreciation and asset impairment	9 750 000	11 125 000		11 125 000	11 549 706	-	-424 706	104%	118%
Finance charges	230 000	125 000	-	125 000	181 374	-	-56 374	145%	79%
Contracted Services	4 790 000	8 128 152	-	8 128 152	6 237 917	-	1 890 235	77%	130%
Transfers and Grants	1 000 000	1 000 000		1 000 000	529 152		470 848	53%	53%
Other Expenditure	19 814 907	18 979 155	-	18 979 155	13 280 848	-	5 698 306	70%	67%
Total Expenditure	54 923 402	57 759 902	0	57 759 902	47 806 387	0	9 953 515		
							0		
Surplus	22 800 590	22 360 886	0	22 360 886	33 900 763	0	-11 539 877		
Transfers recognised - capital	21 401 000	31 401 000		31 401 000	22 184 328		9 216 672	71%	104%
Contributions recognised - capital and contributed assets									
Surplus after capital transfers & contributions			-			-			
Share of surplus of associate									
Surplus for the year	44 201 590	53 761 886		53 761 886	56 085 091		-2 323 204		
Capital Expenditure & funds sources									
Capital Expenditure									
Transfers recognised - capital	21 401 000	34 484 395		31 401 000	19 782 792		11 618 208	ditional MIG grant alloca	1161820788%
Internally generated funds	22 639 000	17 590 131		22 639 000	15 123 638		7 515 362	N/A	751536176%
		0		0					
Total Sources of capital funds	44 040 000	52 074 526	0	54 040 000	34 906 430	0	19 133 570		

Cash Flows

Net cash from (used) operating
Net cash from (used) investing
Net cash from (used) financing

Cash/cash equivalents at the year end

				72 406 834				
				-34 640 860				
				-227 680				
						0		
	0	0	0	0	140 590 577	0	0	

INDAKA LOCAL MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS

as at 30 June 2015

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2014	Received during the period	Redeemed / written off during the period	Interest	Interest Capitalized	Balance at 30 June 2015
ANNUITY LOAN DBSA @ 5%	KZN 102849	30.09.2028	R 3 666 382	R -	R 177 482	R 181 222	R 43 492	R 3 532 392 -
TOTAL EXTERNAL LOANS			3 666 382	-	177 482	181 222	43 492	3 532 392

INDAKA LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2015

2014/2015	Assets at cost	Carrying value	Additions	Work in progress.	Assets previously not recognised/der egistered	Disposals	Assets at cost.	Accumulated depreciation	Sum of Disposals 2014/2015	Sum of Change in Accounting estimates. 2014/2015.	Depreciation 2014/2015	Sum of Closing Balance Accumulated Depreciation 2014/2015	Sum of Carrying Value 2014/2015
BUILDINGS													
Buildings	6 323 301	4 975 375	75 000	90 863			6 489 164	-1 347 927			-212 441	-1 560 368	4 928 796
	6 323 301	4 975 375	75 000	90 863	-	-	6 489 164	-1 347 927	-	-	-212 441	-1 560 368	4 928 796
COMMUNITY ASSETS													
Arts & Crafts	2 289 912	1 713 953					2 289 912	-575 959			-76 330	-652 290	1 637 622
Cemetery	1 367 076	1 279 933		-			1 367 076	-87 143			-91 138	-178 282	1 188 794
Creche	3 635 083	3 025 383		41 996			3 677 079	-609 700			-108 390	-718 091	2 958 989
Halls	3 850 584	3 356 952		41 996			3 892 580	-493 632			-128 353	-621 985	3 270 595
Library	1 006 000	737 756					1 006 000	-268 244			-33 533	-301 777	704 223
Market Stall	1 276 252	1 060 703					1 276 252	-215 549			-42 542	-258 090	1 018 161
Sportsfield	110 197	110 197		2 962 995			3 073 192	-			-	-	3 073 192
	13 535 105	11 284 877	-	3 046 986	-	-	16 582 091	-2 250 227	-	-	-480 287	-2 730 514	13 851 576
HERITAGE ASSET													
Heritage	-	-			-		-	-			-	-	-
	-	-			-		-	-			-	-	-
INFRASTRUCTURE													
Electricity	12 305 354	11 836 500		1 418 966			13 724 319	-468 853			-582 735	-1 051 588	12 672 731
Roads	72 001 475	54 368 904	13 872 823	14 851 500			100 725 798	-17 632 570		802 332	-10 167 425	-26 997 663	73 728 134
Perimeter fencing Landfill				1 154 758			1 154 758						1 154 758
Stormwater	322 004	249 119					322 004	-72 885			-10 733	-83 618	238 386
	84 628 832	66 454 523	13 872 823	17 425 224	-	-	115 926 879	-18 174 309	-	802 332	-10 760 893	-28 132 870	87 794 009
INTANGIBLE ASSETS													
Intangible Assets	192 089	134 630	31 750				223 839	-57 460			-66 068	-123 528	100 311
	192 089	134 630	31 750	-	-	-	223 839	-57 460	-	-	-66 068	-123 528	100 311
INVESTMENT PROPERTY													
Investment Property	343 882	254 333		41 996			385 877	-89 548			-22 925	-112 474	273 404
	343 882	254 333	-	41 996	-	-	385 877	-89 548	-	-	-22 925	-112 474	273 404
LANDFILL SITE													
Landfill Site	250 000	250 000					250 000	-			-	-	250 000
	250 000	250 000	-	-	-	-	250 000	-	-	-	-	-	250 000
LAND													
Vacant Land	1 738 000	1 738 000					1 738 000						1 738 000
	1 738 000	1 738 000	-	-	-	-	1 738 000		-	-	-	-	1 738 000
LEASED ASSETS													
Leased Assets	886 530	76 640					886 530	-809 890			-76 640	-886 530	-0
	886 530	76 640	-	-	-	-	886 530	-809 890	-	-	-76 640	-886 530	-0
OTHER ASSETS													
Computer equipment	667 012	202 352	237 640			-266 878	637 774	-464 659	253 496	400	-107 736	-318 499	319 275
Furniture & Fittings	1 354 217	311 420	56 316			-29 479	1 381 054	-1 042 797	28 376	1 533	-135 584	-1 148 472	232 582
Office equipment	289 573	106 927	27 833				317 407	-182 647			-36 179	-218 825	98 582
Plant & equipment.	3 539 356	1 925 803				-294 298	3 245 058	-1 613 553	156 079		-202 509	-1 659 984	1 585 074
Vehicles	2 136 026	1 095 367				-378 000	1 758 026	-1 040 659	333 662	6 999	-259 707	-959 705	798 321
	7 986 185	3 641 869	321 789	-	-	-968 655	7 339 319	-4 344 316	771 614	8 932	-741 715	-4 305 485	3 033 834
	-	-					-	-			-	-	-
	115 883 924	88 810 247	14 301 362	20 605 069	-	-968 655	149 821 700	-27 073 677	771 614	811 264	-12 360 970	-37 851 769	111 969 931

INDAKA LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2015

2013/2014	Assets at cost	Carrying value	Additions	Work in progress.	Assets previously not recognised/der egistered	Disposals	Assets at cost.	Accumulated depreciation	Sum of Disposals 2013/2014	Sum of Change in Accounting estimates. 2013/2014.	Depreciation 2013/2014	Sum of Closing Balance Accumulated Depreciation 2013/2014	Sum of Carrying Value 2013/2014
BUILDINGS													
Buildings	5 707 531	6 854 193	615 770				6 323 301	-1 146 662			-201 265	-1 347 927	4 975 375
	5 707 531	6 854 193	615 770				6 323 301	-1 146 662	-	-	-201 265	-1 347 927	4 975 375
COMMUNITY ASSETS													
Arts & Crafts	2 289 912	2 789 541					2 289 912	-499 629			-76 330	-575 959	1 713 953
Cemetery	1 188 549	1 188 549	178 527	-			1 367 076	-			-87 143	-87 143	1 279 933
Creche	3 635 083	4 136 394					3 635 083	-501 310			-108 390	-609 700	3 025 383
Halls	2 823 119	3 210 367	1 027 465	-			3 850 584	-387 248			-106 384	-493 632	3 356 952
Library	1 006 000	1 240 710					1 006 000	-234 710			-33 533	-268 244	737 756
Market Stall	1 276 252	1 449 259					1 276 252	-173 007			-42 542	-215 549	1 060 703
Sportsfield		-		110 197			110 197				-	-	110 197
	12 218 915	14 014 819	1 205 992	110 197			13 535 105	-1 795 905			-454 323	-2 250 227	11 284 877
HERITAGE ASSET													
Heritage	-	-			-		-	-			-	-	-
	-	-			-		-	-			-	-	-
INFRASTRUCTURE													
Electricity	10 755 128	10 757 279	1 026 223	524 003			12 305 354	-2 151			-466 702	-468 853	11 836 500
Roads	52 640 859	62 611 203	9 424 467	9 936 148			72 001 475	-9 970 345			-7 662 226	-17 632 570	54 368 904
Stormwater	322 004	384 155					322 004	-62 151			-10 733	-72 885	249 119
	63 717 990	73 752 638	10 450 690	10 460 152			84 628 832	-10 034 647			-8 139 661	-18 174 309	66 454 523
INTANGIBLE ASSETS													
Intangible Assets	22 089	34 460	170 000				192 089	-12 370			-45 089	-57 460	134 630
	22 089	34 460	170 000				192 089	-12 370			-45 089	-57 460	134 630
INVESTMENT PROPERTY													
Investment Property	343 882	410 504					343 882	-66 623			-22 925	-89 548	254 333
	343 882	410 504					343 882	-66 623			-22 925	-89 548	254 333
LANDFILL SITE													
Landfill Site	250 000	250 000					250 000	-			-	-	250 000
	250 000	250 000					250 000	-			-	-	250 000
LAND													
Vacant Land	1 738 000						1 738 000						1 738 000
	1 738 000				-		1 738 000						1 738 000
LEASED ASSETS													
Leased Assets	886 530	1 488 163					886 530	-601 632			-208 258	-809 890	76 640
	886 530	1 488 163					886 530	-601 632			-208 258	-809 890	76 640
OTHER ASSETS													
Computer equipment	557 816	949 706	143 782			-34 587	667 012	-391 890	5 818	1 233	-79 821	-464 659	202 352
Furniture & Fittings	1 348 735	2 254 099	5 482				1 354 217	-905 365		5 596	-143 029	-1 042 797	311 420
Office equipment	284 413	430 611	5 160				289 573	-146 198			-36 449	-182 647	106 927
Plant & equipment.	3 539 356	4 879 927					3 539 356	-1 340 571			-272 983	-1 613 553	1 925 803
vehicles	1 669 160	2 501 007	466 866				2 136 026	-831 847			-208 812	-1 040 659	1 095 367
	7 399 481	11 015 351	621 291			-34 587	7 986 185	-3 615 870	5 818	6 830	-741 094	-4 344 316	3 641 869
	-	-					-	-			-	-	-
	90 546 419	107 820 128	13 063 743	10 570 349	-	-34 587	115 883 924	-17 273 709	5 818	6 830	-9 812 616	-27 073 677	88 810 247

INDAKA LOCAL MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2015

	Sum of Carrying Value 2013/2014	Transfers	Sum of Carrying Value 2013/2014	Sum of Opening balance assets at cost 2014/2015	Assets Transfer Prior year error	Restated assets at cost	Sum of Acquisitions 2014/2015	Sum of Capital Under Construction 2014/2015	Sum of Disposals 2014/2015	Sum of Closing Asset Balance at cost 2014/2015	Sum of Opening Balance Accum Depre. 01/07/2014	Transfers	Sum of Depreciation Assets 2014/2015	Sum of Change in Accounting estimates. 2014/2015.	Sum of Disposals 2014/2015	Sum of Closing Balance Accumulated Depreciation 2014/2015	Sum of Carrying Value 2014/2015
BUDGET & TREASURY.	435 143	(11 058)	424 085	1 086 874			345 249	216 850	(235 289)	1 413 685	(675 761)	12 973	(186 819)	325	221 907	(627 375)	786 310
COMMUNITY SERVICES	11 292 855	-	11 292 855	13 569 207				2 962 995		16 532 201	(2 276 352)	-	(485 405)			(2 761 757)	13 770 445
CORPORATE SERVICES	7 731 292	9 601	7 740 894	10 148 414			56 316		(59 227)	10 145 503	(2 389 622)	(17 899)	(429 199)		28 966	(2 807 754)	7 337 749
ELECTRICITY	11 836 500	-	11 836 500	12 305 354				1 418 966		13 724 319	(468 853)	0	(582 735)			(1 051 588)	12 672 731
EXECUTIVE & COUNCIL	154 556	(4 329)	150 228	925 682			8 991		(45 639)	889 034	(781 626)	6 171	(73 803)	877	45 639	(802 741)	86 293
HOUSING	582	(0)	582	23 144						23 144	(22 562)	(0)	(291)			(22 853)	291
PLANNING & DEVELOPMEN	38 808	-	38 808	125 676			17 982			143 659	(86 869)	(0)	(20 414)	400		(106 882)	36 777
ROAD TRANSPORT	57 320 510	5 785	57 326 295	77 699 573			13 872 823	16 006 258	(628 500)	106 950 154	(20 372 033)	(1 246)	(10 582 305)	809 662	475 102	(29 670 819)	77 279 335
	88 810 246	0	88 810 247	115 883 924	-	-	14 301 362	20 605 068	(968 655)	149 821 700	(27 073 677)	0	(12 360 970)	811 264	771 614	(37 851 769)	111 969 931

	Sum of Carrying Value 2012/2013	Transfers	Sum of Carrying Value 2012/2013	Assets at cost 30 June 2013	Assets transferred Prior year error.	Re-stated Assets at cost 30 June 2013	Sum of Acquisitions 2013/2014	Sum of Capital Under Construction 2013/2014	Sum of Disposals 2013/2014	Sum of Closing Balance Assets 2013/2014	Sum of Opening Balance Accum Depre. 01/07/2013	Transfers	Sum of Depreciation Assets 2013/2014	Sum of Change in Accounting estimates. 2013/2014.	Sum of Disposals 2013/2014	Sum of Closing Balance Accumulated Depreciation 2013/2014	Sum of Carrying Value 2013/2014
BUDGET & TREASURY.	274 172	7 117	281 289	807 861		807 861	303 043			1 110 904	(504 951)	(21 621)	(150 366)	1 178		(675 761)	435 143
COMMUNITY SERVICES	10 455 289	9 584	10 464 873	12 287 604		12 287 604	1 205 992	110 197	(34 587)	13 569 207	(1 833 969)	11 237	(459 439)		5 818	(2 276 352)	11 292 855
CORPORATE SERVICES	6 290 520	(14 895)	6 275 625	8 168 424	1 061 120	9 229 544	891 371			10 120 914	(1 998 390)	105 592	(496 824)			(2 389 622)	7 731 292
ELECTRICITY	10 752 976	0	10 752 976	10 755 128		10 755 128	1 026 223	524 003		12 305 354	(2 151)	0	(466 702)			(468 853)	11 836 500
EXECUTIVE & COUNCIL	203 964	14 437	218 401	914 800		914 800	21 382			936 182	(596 153)	(100 246)	(89 419)	4 192		(781 626)	154 556
HOUSING	10 458	(9 585)	873	23 144		23 144				23 144	(22 271)	0	(291)			(22 562)	582
PLANNING & DEVELOPMEN	58 344	(3 753)	54 590	125 676		125 676				125 676	(73 531)	2 445	(16 581)	799		(86 869)	38 808
ROAD TRANSPORT	45 903 867	(2 906)	45 900 961	58 140 661		58 140 661	9 615 733	9 936 148		77 692 542	(12 242 294)	2 594	(8 132 994)	661		(20 372 033)	57 320 510
	73 949 589	(0)	73 949 589	91 223 298	1 061 120	92 284 418	13 063 743	10 570 349	(34 587)	115 883 923	(17 273 710)	0	(9 812 616)	6 830	5 818	(27 073 677)	88 810 247

INDAKA LOCAL MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2015

2014	2014	2014		2015	2015	2015
Actual Income	Actual Expenditure	(Surplus) / Deficit		Actual Income	Actual Expenditure	(Surplus) / Deficit
R	R	R		R	R	R
(514 000)	9 150 224	8 636 225	Corporate Services	(535 000)	10 976 855	10 441 855
(3 139 000)	8 345 178	5 206 178	Council & Executive.	(3 646 000.00)	8 576 931	4 930 931
(23 748 594)	7 142 820	(16 605 775)	Technical Services	(23 184 328)	7 468 622	(15 715 706)
(68 939 278)	16 121 111	(52 818 167)	Financial Services	(76 526 550)	19 147 369	(57 379 181)
	2 342 840	2 342 840	Development and Planning		1 637 010	1 637 010
		-	Internal Audit			-
(96 340 872)	43 102 173	(53 238 699)		(103 891 878)	47 806 787	(56 085 091)
			Less: Inter-Department Charges			
(96 340 872)	43 102 173	(53 238 699)	Total	(103 891 878)	47 806 787	(56 085 091)

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APPENDIX E (1)

APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2015

	Budget 2015	Adjustment Budget 2015	Actual 2015	Variance 2015	Variance 2015	Explanation of significant Variance greater than 10% versus Budget
	R		R	R	%	
REVENUE						
Property rates	(3 056 643)	(3 220 438)	(3 207 894)	151 251	-4.95%	N/A
Service charges	(175 000)	(195 000)	(172 559)	(2 441)	1.39%	N/A
Rental of facilities and equipment	(94 349)	(103 350)	(116 535)	22 186	-23.51%	N/A
Interest earned - external investments	(2 500 000)	(5 000 000)	(7 174 895)	4 674 895	-187.00%	Corrected in adjustments Budget
Government grants and subsidies	(93 221 000)	(102 925 000)	(93 067 197)	(153 803)	0.16%	N/A
Other income	(78 000)	(78 000)	(84 269)	6 269	-8.04%	N/A
Profit on sale of assets.			(68 529)			
Total Revenue	(99 124 992)	(111 521 788)	(103 891 878)	4 698 357		
EXPENDITURE						
Employee related costs	12 853 543	11 917 643	9 809 018	2 108 624	17.69%	Due to vacant posts that was budgeted and not filled.
Remuneration of councillors	5 784 952	5 784 952	5 710 838	74 115	1.28%	N/A
Debt impairment	700 000	700 000	507 534	192 466	27.50%	Due to the high rate of non-payment..
Depreciation & asset impairment	9 750 000	11 125 000	11 549 706	(424 706)	-3.82%	N/A
Finance charges	230 000	125 000	181 374	(56 374)	-45.10%	Under budgeted on adjustment budget.
Contracted services	4 790 000	8 128 152	6 237 917	1 890 235	23.26%	Over budgeted.
Other expenditure	20 814 907	19 979 155	13 810 400	6 168 754	30.88%	Over budgeted.
Total Expenditure	54 923 402	57 759 902	47 806 787	9 953 115		
NET (SURPLUS)/ DEFICIT FOR THE YEAR	(44 201 590)	(53 761 886)	(56 085 091)	14 651 471		

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APPENDIX E (2)

APPENDIX E(2) : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2015

	2015	2015	2015	2015	2015	2015	Explanation of Significant Variances Greater than 5% versus Budget
	Actual R	Under Construction R	Total Additions R	Budget R	Variance R	Variance %	
EXECUTIVE AND COUNCIL	8 991	-	8 991		(8 991)	-100%	Laptop for MM PA.
CORPORATE	56 316	2 962 995	3 019 310	8 456 642	5 437 332	64%	All project not been done according budget.
TECHNICAL	13 890 805	17 425 224	31 316 029	44 546 358	13 230 329	30%	All projects not finalised on 30 June 2015
FINANCE	345 249	216 850	562 100	559 000	(3 100)	-1%	N/A
	14 301 362	20 605 068	34 906 430	53 562 000	18 655 570		

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APPENDIX F

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

Name of Grants		Quarterly Receipts					Quarterly Expenditure						Grants and Subsidies delayed/ withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework of Revenue Act	Reason for non- compliance	
	Unspent portion 2013/2014 financial statements	July to Sept	Oct to Dec	Jan to Mar	April to June	Total Receipts	July to Sept	Oct to Dec	Jan to Mar	April to June	Total Expenditure	Unspent portion 2014/2015 financial statements					
		1	2	3	4		1	2	3	4							
EQUITABLE SHARE	0	26 620 000	10 535 000	30 100 000		67 255 000	26 620 000	10 535 000	30 100 000		67 255 000	0	No	N/a	Yes	N/a	
LUMS GRANT	1 112					0					0	1 112	No	N/a	Yes	N/a	
DBSA FEASIBILITY STUDY	92 907					0					0	92 907	No	N/a	Yes	N/a	
INTERDEPARTMENTAL PLANNING	31 700					0					0	31 700	No	N/a	Yes	N/a	
FINANCE MANAGEMENT GRANT	0					0					0	0	No	N/a	Yes	N/a	
FINANCE MANAGEMENT GRANT 2013/2014	84 864					0		84 864			84 864	0	No	N/a	Yes	N/a	
FINANCE MANAGEMENT GRANT 2014/2015		1 800 000				1 800 000	423 700	442 278	664 559	141 496	1 672 034	127 966	0	No	N/a	Yes	N/a
MSIG RESERVES	0					0					0	0	No	N/a	Yes	N/a	
MSIG 2013/2014.	68 585					0		68 585			68 585	0	No	N/a	Yes	N/a	
MSIG 2014/2015.		934 000				934 000		324 615	96 220		420 835	513 165	0	No	N/a	Yes	N/a
MSIG RESERVES -UTHUKELA	56 126					0					0	56 126	No	N/a	Yes	N/a	
MIG.2012/2013	1 154 433					0		1 154 433			1 154 433	0	No	N/a	Yes	N/a	
MIG.2013/2014	5 107 805					0		5 107 805			5 107 805	0	No	N/a	Yes	N/a	
MIG.2014/2015		6 561 000	9 800 000	15 040 000		31 401 000	7 848 094	4 216 383	3 741 858	6 377 992	22 184 328	9 216 672	0	No	N/a	Yes	N/a
ERADICATION OF BUCKET SYSTEM	671 219					0					0	671 219	No	N/a	Yes	N/a	
BACKLOG INFRASTRUCTURE RESERVE	80 702					0					0	80 702	No	N/a	Yes	N/a	
ELECTRIFICATION	5 234 807					0		5 234 807			5 234 807	0	No	N/a	Yes	N/a	
EPWP	237 610				0	0		237 610			237 610	0	No	N/a	Yes	N/a	
EPWP 2014/2015		400 000	300 000	300 000		1 000 000	400 000	300 000	300 000		1 000 000	0					
	12 821 870	36 315 000	20 635 000	45 440 000	0	102 390 000	35 291 795	27 706 379	34 902 638	6 519 489	104 420 300	10 791 569					